



Arizona Department of Gaming

TRIBAL GAMING • RACING • BOXING & MIXED MARTIAL ARTS

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AGENDA

Pursuant to A.R.S. § 38-431.03(A)(3), the Commission may vote to go into Executive Session for the purpose of obtaining legal advice from its attorney on any matter listed on the agenda. Any such Executive Session will not be open to the public.

A. Call to Order of the 653rd Regular Arizona Racing Commission Meeting at 10:00 AM.

Commissioners Present:

Chair Thomas Lawless
Vice Chair Jay McClintock
Commissioner David Heiple

Also present:

Rudy Casillas, Racing Division Director
Deanie Reh, Assistant Attorney General
Greg Stiles, Division of Racing
Cassie Goodwin, Commission Secretary
Karen Hartman-Tellez, Assistant Attorney General (Item C.1. only)

B. New Business

The following item is for Executive Session purposes only:

Simms v. Arizona Racing Commission, et al., Case No. LC2016-000505, Ronald A. Simms' Appeal to the Maricopa County Superior Court of the Arizona Racing Commission's Order to Reject the Gaming Director's Ruling to Grant a Racing License to Ronald A. Simms, Case No. 14A-020-RAC. The Commission may vote to go into Executive Session under A.R.S. § 38-431.03(A)(3) in order to discuss or consult for legal advice with its attorneys.

Chair Lawless advised the Commission its attorney, Camila Alarcon, advised him there is nothing new to report so they would not be going into Executive Session for this item during this meeting.

C. New Business

The following New Business items are for a status report, presentation, discussion, and possible action for the Commission.

1. Appeal of Director's Order, Appellant Armando Castellanos-Loza 17A-008-DOR

Armando Castellanos-Loza, Appellant, was present

Ivy Kushner, Attorney for Appellant, was present and addressed the Commission.

Assistant Attorney General Deanie Reh represented the State and addressed the Commission.

After hearing the parties, the Commission discussed the issues under appeal.

Commission Heiple moved to deny the appeal request and affirm the Director's decision. Vice Chair McClintock second. Motion carried. (Ayes: Heiple, Lawless, McClintock.)

D. Information Reports

1. Turf Safety Report (Greg Stiles/Dr. Scot Waterman) – **Greg Stiles and Vincent Francia, General Manager, addressed the Commission.**
2. Budget Update (Director Casillas) – **At Director Casillas's request, Aiden Fleming, Department Government & Trial Relations Manager, addressed the Legislative issues that are affecting the Racing budget for the upcoming Fiscal Year. Mr. Fleming expanded on Director Casillas's statement that the Legislature has 1) reduced the Racing appropriation by \$1,000,000 from \$2.89 to \$1.89, 2) awarded \$250,000 Breeders' Award from the Racing Regulatory Wagering Assessment fund, and 3) implemented a reduction in the RWA to a flat 0.50%. In total, this is essentially a 50% reduction to the Racing budget, overall, about \$2,000,000. Racing ran at about \$2.5 million last year so these reductions are significant. While the Breeder's Award is important and while we requested that it be in the budget, the Breeders' Award is an important reduction because instead of coming from the General Fund, it is from the Racing Regulatory Fund. That takes a hit to that credit card limit again. Instead of \$1.8 million, we are really at about \$1.5 million. That is significant coming from the Racing Division. The reduction in the RWA at .80%, I believe we just had a change in that, but the reduction to .50% in real numbers comes to about \$800,000. Taken into account, with the breeders awards, which we're in favor of an in our own budget however, not coming out of our side of it, that hits and I think we have an operating budget for pay at like \$1.6 million. Essentially, we have a structural deficit. There is no way from my estimation that we can actually get through the rest of the fiscal year. That has been discussed with the Ninth Floor. They are aware of it and I think that the Department is taking steps to come up with a plan to reduce costs in any way possible. Those three things, any individual one, I think, the Department could have taken on, however, all three at the same time, is making it a very difficult mountain to climb. I hope that gives you a little more information.**

Vice Chair McClintock: was there any explanation for why they cut the budget a \$1,000,000?

Mr. Fleming: Well, it came as a surprise to to the Department. We had been in communication with the Governor's office throughout the session, obviously about costs. They were interested in our personnel. I think there was some miscommunication about how many people we have out at the track. How many people we had working? Is there any savings to be done over the

summer months when they are not running? We responded to all of their questions. However when it came to the Department, it was a huge surprise when we lost about 50% of our operations, essentially, in one fell swoop. That is severe and we have been in communication, but it came to us as a surprise. Absolutely.

Chair Lawless: Any other questions? (Silence) Thanks.

Mr. Fleming: Thank you.

Director Casillas: I have Lori Anderson here -

Chair Lawless: Okay.

Director Casillas: - our Controller -

Ms. Anderson: I actually - he spoke on all my points so unless you have specific ones, I don't really have any new information other than we are looking at absolutely every way that we can cut costs, above and beyond looking season, non-seasonal, just everything that we can think of. We do not have a plan right now. We will keep you updated as soon as we have an idea of how we can proceed.

Commissioner Heiple: What is the end of our fiscal year?

Ms. Anderson: June 30. Fiscal year starts July 1 for us, so through this fiscal year we are fine. There is no issues. Its next year.

Chair Lawless: Okay. Thank you.

Vice Chair McClintock: Good luck.

Chair Lawless: Yeah. Okay, Permittee reports.

3. Permittee Reports – Not to exceed 3 minutes
 - a. American Greyhound Racing – **No Report.**
 - b. County Fairs – **No Report.**
 - c. Rillito – **Mike Weiss, General Manager, addressed the Commission.**
 - d. Turf Paradise – **Vince Francia, General Manager, addressed the Commission.**
 - e. Tucson Greyhound Park – **No Report.**
4. Optional Industry Stakeholder Association Updates (limited to officers or officially designated spokesman) – Not to exceed 3 minutes
 - a. Arizona Counties Racing Association – **No Report.**
 - b. Arizona Greyhound Association – **No Report.**
 - c. Arizona Quarter Horse Racing Association – **No Report.**
 - d. Arizona Thoroughbred Breeders Association – **No Report.**
 - e. Horsemen's Benevolent & Protective Association – **Lloyd Yother, President, addressed the Commission.**
 - f. JACOR Update on Yavapai Downs – **Tom Author addressed the Commission.**

g. Jockey's Guild – **No Report.**

E. Commission Reports

1. Summary of Current Events Affecting the Arizona Racing Commission. A.R.S. § 38-431.02(K) – Only Commission Members or the Director may report. No discussion or action may be taken on matters reported unless properly noticed for legal action or discussion.
2. Identification of Matters to be placed on future agendas. – **None at this time.**

F. Call to the Public

Those members of the public wishing to address the Commission must sign the signup sheet and be recognized by the Chair. Time permitting; each presentation will be given approximately two minutes. Action taken as a result of public comment will be limited to directing staff to study the matter or re-schedule the matter for further consideration at a later date.

No one addressed the Commission at this time.

Announcements

The next regular Arizona Racing Commission meeting is tentatively scheduled to be held on **Thursday, June 8, 2017, at 10:00 a.m.** in the Building Conference Room 250, 2nd Floor, located at 1110 West Washington St., Phoenix, Arizona. This is subject to change based on a quorum. Please remember to check the Racing Division's website or contact Cassie Goodwin at 602-771-4263 for confirmation.

Adjournment at 10:53 AM.